

Democracy

Is Not

Doomed!

**AN ANSWER TO
FRIEDRICH HAYEK**



"Freedom for All" Pamphlets

This is the fifth of a new pamphlet series, "FREEDOM FOR ALL," published by the Socialist Party.

The first was "VICTORY'S VICTIMS?," a discussion of the Negro's future, by A. Philip Randolph and Norman Thomas.

The second was "ITALY—VICTORY THROUGH REVOLUTION," by Roy Curtis.

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FOREWORD

If the Man from Mars should visit us English-speaking mortals he would be at first vastly impressed by our concern for freedom. He would hear our captains of industry declare their devotion to it and our forums resound to its discussion. He would discover high on the list of best sellers an eulogy of freedom entitled **THE ROAD TO SERFDOM**. These various voices, all so articulate in praise of liberty, our celestial visitor would soon find out, profess to be describing and upholding the Anglo-American economic order as essential to freedom against totalitarian tyranny as exemplified under one form in the Soviet Union and under another in Nazi Germany. These tyrannies, he would be told, are directly due to collectivist economics or rather to something called or miscalled Socialism.

Assuming that our Man from Mars has an inquiring mind, he would begin to look about him in search for the facts behind all this rhetoric. He would discover beyond all possibility of doubt that totalitarianism is an evil

thing and that no religion is so cruel as the religion of the God State.

Earthly Semantics

As our visitor looks more closely at totalitarianism he would be first puzzled and then annoyed to find it explained in terms of "socialism," although in Russia and in Germany totalitarian governments had begun by killing and imprisoning democratic socialists. Historically he would learn that the totalitarian states had a long previous discipline in militarism, conscription, poverty and unemployment which had gone along with the capitalist system grotesquely labelled "free enterprise." War itself had been the end product of the imperialist competition of capitalist Great Britain, capitalist and monarchist Germany, capitalist and feudal Russia. And war is the great breeder of totalitarianism. Not one of these facts is ever mentioned by Hayek or the other advocates of a system whose basic freedom is the right to exploit.

In America our inquiring friend would learn that there have been through the years lynchings and other less shocking examples of race discrimination, and steadily recurring denials of rights of free speech and assemblage and association to minority groups, and to the great mass of workers. He would further discover that, while democratic socialists had been consistently in the forefront of the struggle for

these basic freedoms, the members and spokesmen for the National Association of Manufacturers and their allies were either on the other side or profoundly silent about the freedom whose prospective death at the hands of what they miscall "socialism" they so loudly deplore.

Nor is this all. The inquiring reporter from Mars would soon learn that freedom, valuable as it is, doesn't mean much to unemployed, ill-paid, ill-fed, ill-clothed and ill-housed men and their families. The legal right to sleep in the Waldorf Astoria is cold comfort for the unemployed worker on a park bench. Freedom doesn't even mean much to the supposed leaders of thought, teachers, preachers, and writers, who exercise it, or think they exercise it, at peril of their jobs or their chance for money and fame. So terrible, he would discover, is the poverty which we Americans have long had the resources and skill to wipe out that, consciously or unconsciously, millions of men and women have actually welcomed war because it gave them jobs and more to eat. In short, if our Man from Mars should be compelled to find one adjective to describe our Anglo-American social order, it would be *acquisitive* rather than *free*.

Democratic Control

What I have been saying is by no means in indirect defense or apology for dictatorship and the omnipotent state. That I, like all democratic

socialists, have fought and shall continue to fight. We freely confess that the progress of events both in Germany and in Russia threw a lurid light on problems of freedom in a planned economy which need the most careful examination. What we deny is that planning must be dictatorial because in some cases it has been dictatorial. Enough was accomplished before this war in the Scandinavian countries, New Zealand, and even in certain enterprises in England and America to show that the alternative to "government of the workers by the bosses, for the profit of absentee owners" need not be "government of the people, by dictators and bureaucrats, for the power and the glory of the military state." We are concerned with developing an entirely possible democratic control of the planning necessary to produce abundance for all. With it and the conquest of war and poverty can come a great increase in personal freedom.

Pointing the Way

This pamphlet is a contribution to that end. If its authors, Travers Clement and Judah Drob, concentrate on Hayek that is a sign of the times, because Hayek has been built up as chief defender of an economic order that cannot produce either jobs or abundance, in the name of a freedom which he does not himself truly understand. It is a sign of the bankruptcy of

private capitalism that its defenders do not even talk in terms of its adequacy to produce and distribute the goods that modern technology makes possible. Instead they weep over freedom, usually with crocodile tears. When they are cross-questioned in forums they hedge and qualify their remarks so that there is no logical consistency in them nor any definiteness of program in support of the free enterprise in which they do not really believe. Anyone who has heard recent forums on the air can testify to this fact.

Already unemployment rears its head. In a few short months, certainly in the next few years, when this ghastly war prosperity is over, a society which cannot end unemployment will not be diverted by the luxury of talk about Hayek's sort of freedom. However bitter may be the fact, it is the truth that, if dictatorship seems the only answer to chronic and wholesale unemployment, men will choose or at least accept dictatorship. We have come to a time when the only hope of freedom lies in the successful application of domestic socialism. Without security there will not be liberty. Freedom, democracy and peace depend upon the conquest of unemployment and that requires planning. This pamphlet not only states a case; it invites support in a crusade for a society fit to be described as a fellowship of free men, harnessing their machinery for life, not death.

— NORMAN THOMAS

DEMOCRACY NEEDS PLANNING

By JUDAH DROB

A lot is being written and said these days about a book called "The Road to Serfdom" by Friedrich Hayek. The book has become the sacred writ of people who want to retain the private profit system of doing business.

Around Hayek's book can be built a public discussion of the greatest importance. It does matter to us, very personally, whether the world is on the road to ever-improving democracy, or has started down the terrible road to serfdom.

Hayek says that the only way to maintain democracy is to keep the private profit system; that the generally well-meaning efforts of New Dealers, Social Democrats and Socialists, because they involve economic planning, have produced, and always will produce, dictatorship.

Actually Hayek proves too much. For just as easily as he shows how dictatorship *might* result from socialism, it can be demonstrated that dictatorship has been a product of capitalism. If Hayek is correct, there is no hope for the world, because certainly we shall have either socialism, or capitalism, whether democratic or dictatorial, or some admixture of the two, and both lead to dictatorship.

We who advocate socialism and economic planning are convinced that there is still hope for the world. We say this despite the fact that there are great potentialities for dictatorship abroad in the world; that these potentialities may become realities under a private profit system or a collectivist system; that the job of people who love and desire democracy is to see to it that the road we take is a democratic road.

The Path of Profits

We know only too well that certain kinds of collectivism are dictatorial. We know equally well that the private profit system promotes dictatorship. What is needed is a middle course, that can steer us away from the dangerous shoals on both sides.

Most Americans have learned to be very suspicious of the constant insistence that only private profit enterprise can provide liberty and security. We have lived through too many depressions to believe that it can provide security, and we have seen enough of the world to know that insecurity is the great breeder of dictatorship.

That is why we can't take Mr. Hayek's solutions very seriously. We've tried them and they don't work.

The way Hayek writes and talks you would think that the only way any nation has ever had dictatorship has been by going through a

stage of economic planning and then succumbing to the wiles of a fascist demagogue.

This is a bare-faced lie. The major fascist nations, Germany and Italy went totalitarian because of the way that the private profit system operated, and the way its beneficiaries tried to defend their profits.

The world-wide system of private profit enterprise just doesn't work. It produces unemployment periodically. It creates huge exportable surpluses of capital and manufactured goods. It stimulates efforts to secure colonial possessions for investment, trade, and raw materials. It leads directly to war.

These periodic crack-ups and crises sow the seeds of discontent. They create the conditions which give rise to demagogues like Hitler, who are able to exploit that discontent to lead a mass movement against democracy.

Then at the crucial moment private profit enterprisers step in and finance and encourage the fascist demagogues. Hitler's final major push for power in Germany could have been stalled if the Ruhr industrialists had not financed him in his moment of financial crisis.

It was private profit enterprisers in England, France and the United States who encouraged Hitler and Mussolini and Franco. They appeased the dictators at every turn, and didn't begin to get frightened till the fall of France woke them to the danger of the Frankenstein monster they had built.

All these things are in the record. They are as well known as any facts of modern history can be. How can a man write a book about the modern world's descent into serfdom without describing these as major factors?

Even now, when we are in the final stages of a war supposed to be against fascism, the governments of the United Nations are putting or keeping dictators in power, perpetuating the rule of old totalitarians or establishing the rule of new ones.

Certainly, this is the road to serfdom; it is the road to serfdom that humanity is treading right now. It is a road which begins with private profit enterprise and goes straight, without any socialist detours, to the goal that Hayek inveighs against.

The Lessons of October

What about Russia? Doesn't Russia prove that collectivism leads inevitably to dictatorship? Well, at most it can prove that collectivism might be dictatorial. It doesn't prove that collectivism must inevitably be serfdom.

But, still, there are plenty of lessons in the experience of Russia. It is fair to say that the ideas of what *not* to do in a planned and socialized economy that are now held almost universally by democratic socialists grow out of what they saw happening in Russia.

Russia proves that collectivism can be dic-

tatorial, and emphasizes that adequate safeguards are needed in a collective economy to guarantee the freedom of every individual.

This fact does not condemn socialism, any more than Hayek would admit that the need for a bill of rights and protective legislation in a private profit economy would condemn the capitalist system.

But it does emphasize what socialists repeat over and over again: *no matter what the economic system, unless the mass of the people are vigilant, informed, organized and prepared to defend their liberties, they are likely to lose them.*

Here are some of the things that we have learned from Russia:

1. A dictatorship is not the road to true democracy, no matter how many good intentions it claims. Dictators always seek to extend and defend their absolute power.

2. State ownership is not better than private ownership from the standpoint of individual liberties. Social ownership and operation must go much farther than just transferring title from stock-holders to the government.

3. Centralization is a great enemy of democracy.

4. Trade unions must exist separate and apart from the state and from the management of industry. Once unions become a part of either they lose their ability to represent and defend their members.

5. A collective economy must permit freedom of organization for opposition political parties, economic and social groups.

These are some of the lessons that advocates of economic planning and socialism have learned from Russia. They will help us fight to make a collectivist America far more democratic than Russia ever has been, and far more democratic than America ever has been, for that matter.

De-Horning the Dilemma

The dilemma that Mr. Hayek left us in is really no dilemma at all, as soon as you discover what logical trick he has been pulling on us.

Hayek shows how a collectivist economy, starting out by being democratic, MIGHT become dictatorial. That is his whole argument. But slyly he changes that MIGHT into a MUST, and before you are through reading his work you have forgotten that all he proved is that it might happen here.

Of course it might happen here. A realization of that fact is the first step toward building defenses for democracy. Or to change the metaphor, it is the first step toward building a bypass road that avoids the danger of private-profit-leading-to-dictatorship and of collectivism-leading-to-dictatorship.

Hayek's criticisms come to this: there are no adequate democratic processes by which eco-

conomic planning may be conducted, and sooner or later all planning power must be placed in the hands of one man or group.

It this is an effective argument, then one of its major targets must be the federal government of the United States of America. That government now has tremendous responsibilities and powers. These are concentrated in the executive branch, under the President.

Our present political arrangements are sadly deficient in making the President responsible to the people for all the decisions and plans he must make. Just consider the problem that a voter has when he tries to decide whether to vote for the continuance in office of a President of the United States.

He has to make a balance of all the things he knows about that the President has done. Some things he likes, others he dislikes. Some administrators appointed by the President have done a good job. Others have done a bad job. Some directions taken by the administration have benefitted him, others have harmed him. If our voter is conscientious he has quite a few items to use in making up his balance for or against the President.

He adds them all up, tries to judge their relative importance, and then must concentrate his judgment of a thousand different items of vital concern to himself and to the nation, in one single vote.

This is a very frustrating situation and is

one of the most distressing features of our American political system. It is part of our failure to develop democratic techniques adequate to the times.

Yet, neither Hayek, nor anybody else who believes in free private profit enterprise, in the status quo, or in the Constitution exactly as it was written in 1789, argues that this is a fatal defect in our democracy, certain to bring about dictatorship.

The actual fact is, as any sensible person knows, that we will have to develop better democratic techniques for more complicated political and economic matters. But nobody seriously believes that we cannot solve these problems. They are solvable, and when we have worked them out we will have strengthened democracy enormously.

Roadblock to Progress

One of the major questions raised by Hayek's book is which group has been the greatest defender of democracy: those who advocate socialism or those who defend the private profit status quo.

The record speaks for itself on this matter. When modern nations were first developing into capitalist democracies, the shock-troops of the democratic revolution were the working people, inspired by socialist ideas.

The natural history of these capitalist democratic revolutions followed a pretty standard pattern. The workers wanted the revolution to produce full democracy as they understood it. In particular they wanted recognition of the responsibility of society to provide relief and work for the unemployed.

The "liberal," "democratic" businessmen, who were happy to have the workers fight on the barricades (that was no joke in the 19th century) against the kings and emperors, didn't want to see democracy go that far. They just wanted freedom to carry on their businesses according to the principles of Adam Smith and the "laissez faire" school of economics. This freedom permitted them to employ women and children at scandalously low wages for as many as 18 hours of work a day.

The result was a series of battles, sometimes reaching the stage of civil war, as in France in 1830, in 1849 and in 1870, between the socialist-inspired workers who wanted the democracy to be expanded and the "liberal" employers who thought it had gone far enough.

This battle was fought in the United States, too, and when the Constitution was adopted in 1789 it was a decisive victory for the bankers, merchants and big land owners, against the liberation ideas of the mass of the people.

Clearly, the private enterprisers stood in the way of more complete democracy, in the early days of modern freedom's growth.

Financiers and Fascism

What about private profit enterprisers' record in these modern days of the decline of political democracy? Again the record is clear and undeniable. While private profit makers were doing their best to undermine democracy, the staunchest fighters for democracy were believers in socialism and economic planning.

Who financed Hitler, Mussolini and Franco? The record is well known. It was the large industrialists and land-owners. These fat vultures extended help to the fascist rulers across national borders, creating the appeasement policy followed by all the democratic nations, and helping fascism in every way they could.

Who opposed Hitler, Mussolini and Franco? The masses of the workers who were devoted to the ideal of socialism laid down their lives in bloody civil wars in Spain and Italy, while in Germany the very first victims of Hitler's assault on democracy were the Socialists and the unionists.

When Europe was over-run by Hitler it was the industrialists, old land-owners and militarists who collaborated in his bloody regime. It was the working people, ardently working all their lives for socialism, who were the heroic underground—the Resistance, the Maquis, the Partisans.

Democracy's truest friends have been the labor and socialist movements. Its enemies have

been the big employers, the landowners and the militarists.

Planning for Profits

What is Hayek defending? We get a clue in a speech he made in Detroit before the Economic Club. In this speech Hayek is reported to have decried the dangers of "full employment" and to have sung the praises of a little bit of insecurity as a bit of a prod for the working man.

Really he is defending a system of economic planning, although he makes believe he is attacking planning. Hayek and other apologists for the status quo like to make us believe that the predominant form of business in the modern world is small, competitive, private enterprise.

This is a ridiculous farce because actually the economy of the United States and all great industrial nations is dominated by monopoly.

The commanding heights of our economy, the places where the real decisions are made and the real power resides, are the big banks and a few huge industrial combines like General Motors and United States Steel.

Trying to break these combines into smaller, competitive units is like trying to swim up Niagara Falls. These units might be broken up tomorrow, and the day after that they would start on their inevitable progress toward bigger and more powerful monopolies.

These big banking and monopolistic units run our economy in a thoroughly planned manner. The banks decide where available capital shall be invested. This is the most important planning process of all. In fact, it would be the major duty of a socialist planning board in a planned economy.

The monopolies plan production. They plan it to yield the highest rate of profit on their investment. Hence they keep prices up and production down.

By Any Other Name

All this is economic planning. It is inevitable under our private profit system. The only trouble with it is that it is planning *against*, instead *for* the people. It is designed to milk and mulct the public and to maintain the power of the planners.

An important part of this planning is for the purpose of keeping wages down and unions weak. That is why "full employment" is such a bugbear to Mr. Hayek and his friends. Once we have full employment there will be no reservoir of workers who are unemployed and who can be used to hold wages down; neither will be any reason for white and Negro workers to be at each other's throats; nor for silly rumors to spread about how the Jews have cornered everything.

What Hayek is defending is planning, even

though he refuses to admit it. But it is planning for scarcity, for unemployment, for race hatred, for insecurity.

The real problem facing us is not "planning vs. free enterprise" but "who shall do the planning, democratically elected representatives of the people, or irresponsible profiteers?"

Another way of saying this is, "unless we control the monopolies, big banks and large industries, they will get a bigger and bigger control over us and over the government."

"Control" doesn't mean "government regulation" either, because up to now the big boys have owned the government and the regulating boards. Only when the people own and operate these major industries will we really control them.

Democracy Plus Groceries

If we are to have planning, and it seems inevitable, whether under capitalism or under socialism, the major problem is how to make sure that it is democratic planning, and that political and economic liberties are extended.

The major prerequisite for true liberty and freedom is plenty. Jonathan Daniels once defined freedom as "democracy plus groceries," which is as concise and true a statement as ever was made. There is no more compelling pressure, no greater impediment to the exercise of free will than the urgings of want.

Want breeds crime — not always crime a

la Jean Valjean who broke into a baker's shop to steal a loaf of bread when he was hungry — but often social crime, like following a Hitler or a Father Coughlin. The man who is truly free is one who does not have to look over his shoulder to see if his boss is listening to what he has to say, who can pick up and leave his job in the assurance that he can get another with no difficulty.

A planned economy that succeeds will therefore be one that produces plenty for everybody. Modern technology is well able to provide miracles of production. If we could maintain the high level of production we have achieved in wartime and carry it over into peacetime, we could provide every wage-earner with an income twice his pre-war income!

A planned economy whose aim is to produce a maximum with a minimum of work can pile up for us a standard of living beyond our fondest dreams. Inventions that today are kept on the shelf because they would shatter the price and profit structure; new inventions that can be expected when we make higher education available to all who can qualify for it; all these can probably reduce our working day and increase our income unbelievably.

Bases for Planning

Policy number one, therefore, must be production of abundance. We should aim at producing enough of the necessities of life so that

they are made available free, without going to the bookkeeping and bother of keeping them in the price system.

Policy number two must be complete freedom of choice of occupation and job. Conscription of workers for jobs must be forbidden and wage premiums used to attract people to jobs they don't seem to be so anxious to apply for. Then they'll have a choice, and a perfectly legitimate one, between the lower paying job with better conditions, or the higher paying one with less satisfactory conditions.

Policy number three must be complete freedom of choice of consumers' goods. This can be maintained by retaining some competition among producers of the same product, so that a consumer will continue to have some choice of brands (without the lying and ballyhoo that now accompanies brand labelling).

Policy number four for the maintenance of liberty must be complete freedom, guaranteed by constitutional amendment, for the organization of political parties, with access to the people through the press, radio and movies, and for their participation in the democratic operation of the nation; for the organization of trade unions which shall be separate and apart from the government and management and which shall have a perfect right to strike even against the government; for the organization of cooperatives, newspapers, publishing houses, institutions of religion and education.

Policy number five must be the development of diversified forms of organization of socialized industry, the decentralization of authority, and the authorization of local and regional agencies for doing things that are local and regional in character.

Policy number six must be democracy within industry, with a growing amount of direct participation by the workers themselves in the managing of the industries in which they work.

Policy number seven must be a strong determination, backed up by appropriate legislation, to eliminate all barriers that have been erected among racial and religious groups. This includes specifically an end to discrimination in hiring, access by all people to all public places and institutions of education and an end to the segregation of racial groups into residential ghettos.

If these policies are adopted and followed a planned economy can be democratic.

No Manna from Heaven

There is no guarantee for anyone that the society of the future will be a democratic one. It may very well be that Hayek's prediction will come true, and we shall continue on the road to serfdom.

In all probability, if we do go down the road to serfdom it will be because of the private profit system, but it is not inconceivable that we might take the road that Hayek outlined.

Taking the turn away from dictatorship must be a conscious act by the mass of the people, expressing their will through democratic political and economic organizations.

Joining the Socialist Party in its fight for truly democratic planning and socialization is one of the ways you can do your part to set the world on the path of democracy and away from the road to serfdom.

THE LEAGUE OF FRIGHTENED MEN

By TRAVERS CLEMENT

With due allowance for the extravagances of reviewers, it is not every day that a politico-economic treatise is hailed as "one of the most important books of our generation."

Nor is it usual when a book of this nature goes through seven printings in the first few weeks after publication, is featured in condensed form by *The Reader's Digest*, is re-print-

ed in this version by the Book of the Month Club as a pamphlet for mass distribution at \$18 per thousand copies and speeds its author — an Austrian economist heretofore practically unknown in the United States — on a coast-to-coast lecture tour. In dealing with "The Road to Serfdom," in fact, we have under consideration not merely a book but something more like a national phenomenon.

Why is this particular book threatening to top the best-seller list for non-fiction and make its author the Lauren Bacall of his profession? The obvious answer to this is that "The Road to Serfdom" fulfills a basic and deep-felt need. But this generality which applies to any book that sells well immediately raises another question. Whose need? The answer to that one is slightly more complicated.

Unconditional Surrender

Most of us are only too familiar by this time with those ex-socialists and ex-radicals who, understandably scared out of their pants by the rise of fascism and Russian totalitarianism, have not only enthusiastically embraced the war but have long been busy making their peace with the system under which it is presumably being waged here and in Britain. (I say "presumably" because competitive "free enterprise," otherwise known as capitalism, exists largely only in the imagination these days, but

a widely and probably mistaken premise is that it is being subjected only to a temporary "war emergency" black-out.)

The failure of either Social Democracy or Bolshevism to usher in the millennium left these various "exs" high and dry. In desperation, they were prepared to embrace imperialism as "the lesser evil." But one of their many problems was how, after the damning indictment they had made of the present social order, were they to rationalize this transition? It was downright embarrassing.

Also, these sundry "exs" had spent most of their lives as crusaders and it was too late for them to form entirely new thought habits. Their problem was not only to make competitive capitalism respectable but to translate the efforts to revive it into a holy crusade, to link up their new allegiances with "high ideals," with Freedom, Liberty, Justice, Truth and whatnot.

The Prophet of Profits

To this little league of frightened men, Friedrich A. Hayek, the new Prophet of Profits, must have appeared as if in answer to a prayer. But while this accounts for the reception he has received from people like Eastman, John Chamberlain, etc., whose extravagantly laudatory reviews and log-rolling in the right places have helped immeasurably in bringing him to the attention of the American public, it by no

means accounts for the response from that public which, according to latest reports, had snapped up seven printings of his treatise as fast as it rolled off the presses.

The woods may be full of ex-socialists and ex-radicals of the sort I have been describing, but not that full. The fact is that our League of Frightened Men encompasses many more players than our various "exs." Actually it is Big League stuff in which the Eastmans, Chamberlains, et al, are mere bush-leaguers.

The Big (Free Enterprise) League is represented not by those who go to bat in *New Leader* or Chicago University Press but places like the *Saturday Evening Post*. All those ads in the *Post* and elsewhere about about the glories of "free enterprise" were slick copy, but I feel they failed to convince even their sponsors that they were on the side of the angels. They reflected the fears rather than the hopes of those segments of big and little business that want to get back to Coolidge and "normalcy" after the war.

What was needed in this case also was a reassuring faith that comes only through linking a cause with inspiring ideals. As Louis Clair remarked to me recently after attending one of Hayek's lectures: "It gives such a nice feeling to your National Association of Manufacturers member when he knows that in opposing the Wagner Act he not only fills his pockets but also renders a distinguished service to man-

kind because he helps to preserve it from slavery."

That is exactly the "feeling" Hayek inspires in his lecture and reading audiences of tired business men and elderly club ladies, and it is they, I am convinced, that have sent the sales of "The Road to Serfdom" skyrocketing.

At first glance, "The Road to Serfdom" appears to be an uncompromising attack against all planning as such, as being the very essence of totalitarianism.

Not Against Planning

First glances, however, are deceptive and this is true in Hayek's case. He devotes considerable space to differentiating his position from that of the uncompromising enemies of all social planning, completely *laissez faire* economists.

This is probably a waste of space, for when it comes to a showdown, it is doubtful if any such economists exist these days. They have joined the dodo. But be that as it may, this serves to emphasize that Hayek is not against planning *per se*, but rather for one type of planning as opposed to all other types. Briefly, he is *for* what he calls "planning for competition" and against all other planning.

This involves Hayek in a basic inconsistency which he nowhere even attempts to resolve. Planning, he argues, "requires *central* direc-

tion and organization of all our activities" otherwise it will result in chaos and breakdown and is worse than no planning whatever. Under this argument he dismisses all proposals for any type of democratic planning, necessarily involving a considerable degree of decentralization and limitation of scope consciously designed to prevent direction by the state of *all* our activities.

But Hayek fails utterly to apply this all-or-nothing dictum to his own pet planning scheme. He can't consistently reject *all* planning as inevitably leading to totalitarianism and then turn right around and propose a form of planning as a means of preserving freedom — which is exactly what he does.

Unbenevolent Neutrality

Moreover, when one attempts to come to grips with Hayek's plan, one encounters, for the most part, only a vague fog. His concrete suggestions as to how we are to make competition work simmer down to abolishing protective tariffs, adopting new patent laws, regulating big business to prevent monopoly, and establishing what he calls the Rule of Law — which means that the state lays down rules to keep competitors from gouging each others' eyes out and supplies crutches when they get too badly mangled.

Hayek's concept of the state is one in which

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